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RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY  
RUEHC/DEPT OF LABOR WASHDC PRIORITY  
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C O N F I D E N T I A L MANAMA 000159

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TAGS: [PREL](#) [ETRD](#) [ELAB](#) [BEXP](#) [BA](#) [ECTRD](#) [HUMRIT](#)  
SUBJECT: CROWN PRINCE PROPOSES ACCUMULATION OF VALUE-ADDED  
AMONG FTA PARTNERS

REF: A. 07 MANAMA 0121  
[B](#). 06 MANAMA 2013  
[C](#). 06 MANAMA 1979

Classified By: Ambassador William T. Monroe for reasons 1.4 (b) and (d)  
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[1](#). (SBU) Crown Prince Shaikh Salman bin Hamad Al Khalifa confirmed to the Ambassador February 19, in a meeting covering several subjects (septels), that he would lead an upcoming AmCham trade delegation to Chicago March 5-6. He said coordination and arrangements were going very well and he briefed the Ambassador on his planned activities, which include meeting with the business and financial community in Chicago as well as a dinner hosted by the mayor. The Ambassador urged that he take advantage of his stop in Chicago with the trade mission to meet with the press and promote the benefits of the U.S.-Bahrain free trade agreement (FTA) and trade with Bahrain. They also discussed his March 7-10 schedule in Washington.

[2](#). (SBU) The Ambassador informed the Crown Prince of the planned March 29 Middle East Free Trade Area (MEFTA) conference, which will include representation from Jordan, Morocco, Oman and Bahrain. He stated that, in addition to a strong commercial presence for each country, we also hoped to have senior leadership. He noted that he had sent invitational letters to Minister of Industry and Commerce Hassan Fakhro and Economic Development Board CEO Shaikh Mohammed bin Isa Al Khalifa, and hoped that the CP might consider attending as a way to help boost trade with Bahrain. He added that Morocco's prime minister will attend the event.

[3](#). (SBU) The Crown Prince asked that the U.S. consider allowing accumulation of value-added among FTA partners to reach the required 35 percent minimum. Expressing his understanding that one of the goals of the MEFTA was to promote trade among the U.S.'s regional FTA partners, he said allowing accumulation would encourage regional economic integration and trade links. He recalled that Deputy Secretary of Commerce Sampson had mentioned that accumulation

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could be a topic of discussion at a proposed conference on MEFTA on the margins of the Dead Sea World Economic Forum at the end of May (Ref A). The CP said Bahrain "is ready to move" on accumulation and wondered what the process would be to implement it.

¶4. (C) The Ambassador informed the CP that during recent appearances on Capitol Hill, USTR Schwab had been asked about the labor situation in Bahrain. There was concern that the November 2006 Prime Ministerial decree banning strikes in certain industries represented Bahraini backsliding on its labor commitments in the FTA (Refs B and C). He noted that he would speak soon with the Labor Minister about this issue. The CP said he had not tracked the issue closely but was interested in finding out whether the decree went beyond internationally accepted practice.

¶5. (SBU) The Crown Prince said there was good news on Bahrain's labor reform process. An electronic system that will compile data on foreign workers, including registering and tracking them, had successfully completed its trial phase and would soon be operational. He said that foreign workers were already "nominally" independent of their sponsors but by the summer the reforms would be fully implemented. At that time, businesses will start paying a fee for each foreign worker in the amount of BD 30 (\$80) per month. The fee will gradually increase over time. Although he admitted that the fee system still had to gain formal Cabinet approval, he did not expect any problems. He noted that Minister of State for Foreign Affairs Nizar Al Baharna, a prominent Shia Al Wifaq member before his recent appointment to the government, had been named to oversee the fund created from these labor fees to expand training opportunities for Bahrain's labor force.

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